

## Bylaw 19585

### A Bylaw to amend Bylaw 19365, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Downtown District Energy Initiative

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#### Purpose

To amend Bylaw 19365, to replace the borrowing period from 25 years to 30 years and to replace Schedule A.

#### Readings

Bylaw 19585 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 19585 be considered for third reading.”

#### Advertising and Signing

This Bylaw does not require advertising and the Bylaw can be signed and thereby passed following third reading.

Section 258(5) of the *Municipal Government Act* states that “the borrowing bylaw that authorizes the borrowing of the increased cost does not have to be advertised” if “the increased cost does not exceed 15% of the original cost of the property.”

#### Position of Administration

Administration supports this Bylaw.

#### Report Summary

This Bylaw amendment will replace the borrowing period from 25 years to 30 years and will replace Schedule A. The borrowing authority remains unchanged.

#### Report

At the August 17, 2020 City Council meeting, Bylaw 19365 was passed.

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The City of Edmonton previously passed Bylaw 19365, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Downtown District Energy Initiative, with the terms and conditions of borrowing from the Province. The City is no longer borrowing from the Province to fund Capital Profile 20-83-9001, Downtown District Energy Initiative. The City will finance the project through EPCOR, which is financing the project with a combination of equity and debt over a 30-year term. As a result, this bylaw amendment will be replacing the borrowing period from 25 years to 30 years and replaces Schedule A for debt cashflow adjustments. The borrowing authority remains unchanged.

**Corporate Outcomes and Performance Management**

| <b>Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position</b>   |   |   |   |
|---|---|---|---|
| <b>Outcomes</b>   | <b>Measures</b>   | <b>Results</b>  | <b>Targets</b>  |
| Ensure transparent, conservative and reasonable debt financing as a source of funding to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability. | <ul style="list-style-type: none"> <li>The City of Edmonton is subject to limits both for total debt and debt servicing by the <i>Municipal Government Act</i> and by the City's internal <i>Debt Management Fiscal Policy (C203C)</i>.                             <ul style="list-style-type: none"> <li>The <i>Municipal Government Act</i> debt limit is 2 times the revenue of the City and the debt servicing limit is 35% of City revenues. For this calculation, revenues are net of capital government transfers and contributed tangible capital assets.</li> <li>The internal <i>Debt Management Fiscal Policy (C203C)</i> sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2019, the City had used 54.8% of its debt limit and 29.5% of its debt servicing limit.</li> <li>Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2019, the City had used 58.4% of its tax-supported debt servicing limit and 44.1% of its total debt servicing limit.</li> </ul> | Total debt and debt servicing are in line with the limits set by the <i>Municipal Government Act</i> and by the internal <i>Debt Management Fiscal Policy (C203C)</i> . |

**Risk Assessment**

| <b>Risk Element</b> | <b>Risk Description</b>           | <b>Likelihood</b> | <b>Impact</b> | <b>Risk Score</b> | <b>Current Mitigations</b>        | <b>Potential Future Mitigations</b> |
|---------------------|-----------------------------------|-------------------|---------------|-------------------|-----------------------------------|-------------------------------------|
| Exceeding regulated | Exceeding debt and debt servicing | 1-Rare            | 4-Severe      | 4-Low             | Quarterly monitor the City's debt | Long term forecasts are             |

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|                                 |   |  |  |  |  |  |
|---------------------------------|---|--|--|--|--|--|
| debt and debt servicing limits. | limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the Debt Limit Regulations may result in the refusal of an application to the Alberta Capital Finance Authority to purchase the City's debentures in order to finance a capital project. |  |  |  | borrowings, debt positions and debt servicing to ensure compliance with the debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . The City considers and models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates. | used to determine the impact of approved and potential future unapproved projects and their impact on debt limits. |
|---------------------------------|---|--|--|--|--|--|

**Public Engagement**

Borrowing bylaws reflect a legislative requirement of the borrowing process and as a result no public engagement is undertaken with respect to the borrowing bylaw process. Where required by the *Municipal Government Act* borrowing bylaws are advertised.

**Attachments**

1. Bylaw 19585
2. Capital Profile 20-83-9001